



An emerging opportunity



Sustainable business performance from a sustainable, beautiful resource.

At a simple level, Hydrowood is a sustainable resource of native Australian timber, harvested with zero environmental impact. But there's a deeper story to be told, one that reveals a singular beauty and an investment opportunity without equal.



HYDRO
WOOD

Forgotten and ignored for decades, this newly revealed timber trove is now coveted and admired worldwide.

An emerging opportunity

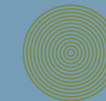
Hydrowood is a Tasmanian company that has developed and proven the technology to remove remnant standing trees from Hydroelectricity dams. Hydrowood then process it into high grade timber for furniture and architecture. Founded in 2012, this timber and brand are now widely used and recognised throughout Australia and the world.



Lake Pieman
Tasmania

Significant Hydrowood Resource

Hydrowood's initial source of timber, Lake Pieman, still has a significant number of submerged trees to be harvested - 6,000m³ recovered so far, with in excess of 68,600m³ left to harvest - but the Company has also identified 300,000m³ available for harvest in other Tasmanian dams.

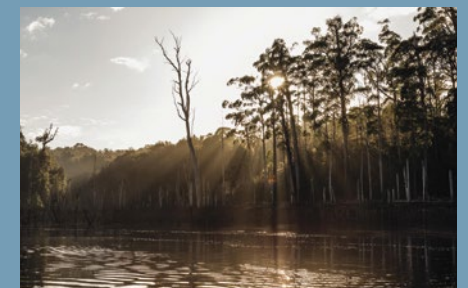


68,600m³+
Remaining in
Lake Pieman



6,000m³+
Recovered from
Lake Pieman

300,000m³
available in other
Tasmanian lakes.



"...environmentally, Hydrowood does no harm to a landscape. We're not taking species that otherwise would be a loss - they're already dead, but beautifully preserved. It's a very easy equation."

Reference:
<https://discovery.ucl.ac.uk/id/eprint/1593426/1/RandallisUWLfinaldepository.pdf>

Accelerated industry growth

There are an estimated 300 million submerged trees worldwide, having an estimated total value of \$50 billion.

Hydrowood and its potential for near term accelerated growth is supported by a number of emerging local and global issues.

1

Timber Shortage

There is a global shortage of timber with demand set to quadruple by 2050. Australia is a net importer of timber products with a \$2 billion trade deficit and the gap is growing. With a reduction in native forestry production and reduced supply due to bushfires and increased demand for decorative timbers, Hydrowood is in a unique position to supply sought after timbers into the future. Hydrowood is safe from both fire and the sovereign risk of policy change around terrestrial native forestry. And it is ready to harvest now.

2

Zero Carbon

Hydrowood is a zero carbon product. Increased awareness of climate change and the need for sustainable construction materials is driving demand for timber over and above other materials. It is also a perfect investment for decarbonisation projects. Due to its environmental credentials, Hydrowood is perfectly placed to deliver this market demand.

3

Societal Pressures

Australia's leading architects and international designer/makers are drawn to Hydrowood for its compelling story and environmental credentials. Political and social pressures have spurred governments and corporates to utilise accredited, climate-friendly building programs.

4

Biophilic Design

Humans have an innate affinity with the natural world. Research has shown that design features within the built environment that reconnect people with nature, like the use of wood in design, can have a positive effect on wellbeing. This is driving increased consideration of timber.

Limestone House in Toorak
Melbourne, by John Wardle
Architects.



Hydrowood's founders have spent the past five years de-risking the operation through its pre-commercial phase and are now ready for scaling as a fully commercial operation in its established premium timber market.

The Company has extended its product range and have established proofs-of-concept (including the specific processing and supply chain requirements) for veneer-based products and branded furniture.

Commercial



In 2020, Levi's Australia launched their new concept store - Sustainability Shop in Shop - in partnership with David Jones. The aim was to create an environmentally - friendly space to showcase the Levi's sustainable fashion range. They chose Hydrowood to fit out the shop.

Premium



Furniture-maker Brodie Neill has launched a "ReCoil" table product during an international roadshow. The table uses 3km of Hydrowood veneer.

Retail



A market entry strategy for customisable premium branded furniture, known as "Hydrowood Home", delivers direct via retail orders. Price points are the upper-mid market range.

Tables are likely to be priced at an RRP of \$6000, based on market research conducted by successful designer/maker Michael Travalia.

Momentum powered by a favourable future



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Product differentiation is critical in our chosen markets, strongly supported by impeccable provenance and Hydrowood's sustainability narrative.

It is beautiful native timber, with all the features of old trees no longer harvestable, something plantation timber cannot deliver, but harvested from a non-living resource, free from the societal pressures that have made old growth harvesting a thing of the past.

With native forestry at the very least reducing substantially in harvesting quotas, many special species are now no longer available to the marketplace - except as Hydrowood.

In addition to the plantation-grown timber for premium applications, there is a supply shortage in the plantations sector due in part to a long-term failure to establish new hardwood forests.

In a tight global market, increased demand for building products also presents significant challenges to Australian importers.

Native and plantation sourced timbers are complex to understand in their environmental credentials, but with Hydrowood, specifiers know they're doing no harm to the environment.

1. Hydrowood Myrtle flooring in a residential setting.
2. Director Andrew Morgan at Parliament Square, Hobart, by FMJT Architects. Credit Alice Bennett Photography.

No other party has the access to submerged timber resource, the necessary expertise in forestry nor the underwater technology and know-how required to harvest from Tasmanian lakes.



The Hydrowood underwater logging operation utilises an excavator on a custom designed barge that harvests down into the deep instead of up into a canopy.

Hydrowood — The Opportunity

Hydrowood has successfully harvested 6,000m³ from Lake Pieman. There remains in-excess of 68,600m³ to be harvested.

The company has undertaken six years of research and development to establish these world leading operations. From barge and excavator design to drying, processing timber and testing the timbers applications, Hydrowood is now proven.

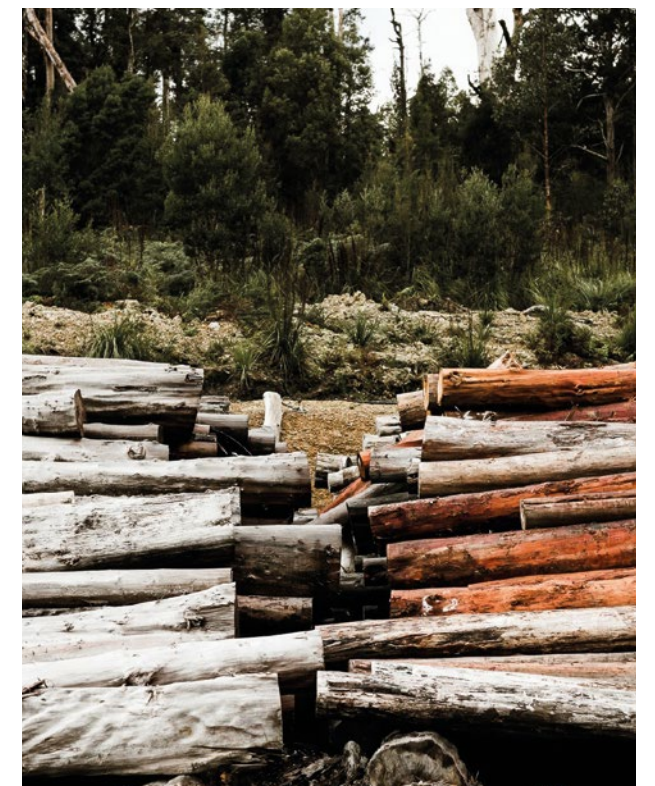
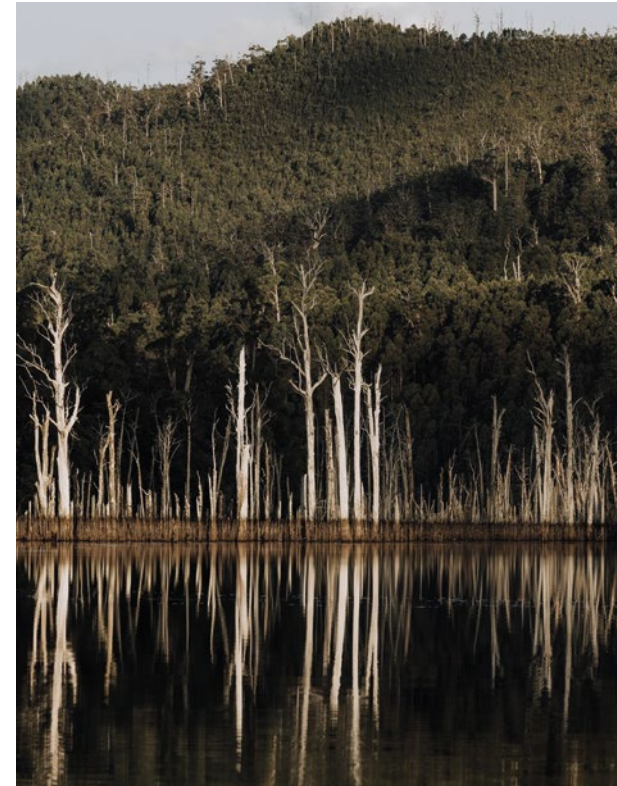
Hydrowood has developed significant brand awareness and image through sponsorships of varied projects nationally and internationally drawing the attention of some of the world's leading brands and designers. The brand equity is now substantial.



1

1. Blackheart Sassafras is a rare Tasmanian special species timber sought after by craftspeople.
2. Submerged trees pierce the surface of Lake Pieman.
3. Submerged trees are harvested from a custom built barge and pulled to the surface.
4. The days harvest is transported back to the landing by tug boat.
5. A variety of log species on the landing ready for transport to the sawmill.

2 3



4 5

Aged slowly, then beautifully preserved: their time has come.



Hydrowood's maturity and unique existence makes it responsive to the hands of skilled craftspeople, revealing beautiful tones and hues.

Special timber commands a premium price

Many of these species are no longer available in commercial quantities from native forests, making the Hydrowood the only viable source of supply in any commercial quantity. Hydrowood sawn boards achieve a substantial premium in the marketplace.

Tasmanian Oak

STYLISH AND STRONG

Tasmanian Oak is Tasmania's dominant species stylish and strong, oak is Tasmania's dominant timber. The well-known hardwood is prized for its resilience.

Blackwood

WARM WORKABILITY

A favourite Tasmanian hardwood, Blackwood is a timber that is easily worked and favoured by all craftspeople.

Myrtle

REFINED RICHNESS

Ideal for furniture, panelling and flooring, the rich colour and satin smooth grain of Myrtle is simply stunning.

Celery-Top Pine

DURABLE BEAUTY

Revered for its density, durability and fine grain. An uniquely Tasmanian timber with a wide range of applications

Sassafras

DYNAMICALLY BOLD

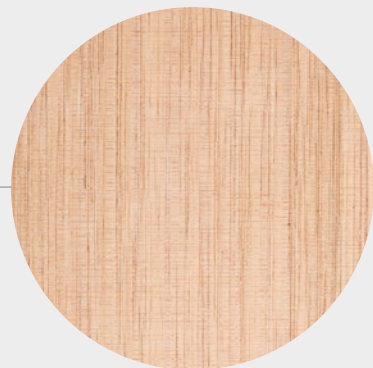
Tasmania's most dynamic timber in terms of colour. Sassafras is normally golden in colour, but with bold black

Huon Pine

AGELESS BEAUTY

The king of Tasmanian timber. Revered globally for its buttery characteristics and workability. A true legend.

Tasmanian Oak



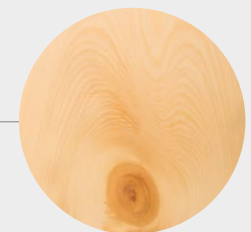
Blackwood



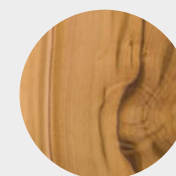
Myrtle



Celery-Top Pine



Huon Pine



Sassafras

Our sustainable future

Hydrowood currently has a five-year licence issued by Hydro Tasmania to operate on Lake Pieman until 2023. For added resource security, the company is currently negotiating with Hydro Tasmania to extend its current licence for 25 years under a single procurement approach, which would cover both Lake's Pieman, Mackintosh, Murchinson, and Gordon.

It is estimated that a volume of up to 300,000 cubic metres of wood may be submerged in Lakes Gordon, Mackintosh, Pieman and Murchison.*

As the extracted timber is cut at sawmills, the trimmings are typically used for fuel in biomass boilers, which potentially offers an additional revenue stream.

Hydrowood has achieved social license. It is widely accepted as environmentally-sound. It is reclaimed timber, that if not harvested would eventually break down and release its carbon. It provides native timber but an alternative to native forest harvesting.

*Reference: ARC for Forest Values, University of Tasmania (October 2019).

The unique sense of place, social licence and provenance has resulted in some extraordinary brand partnerships for Hydrowood.

Proven marketability

Our story provides the partner businesses with a rich narrative centred around a commitment to sustainability and innovation.

Brand partnerships includes:	Levi's Jeans & David Jones
	Royal Automotive Club of Tasmania
	Lark Distillery
	Federal Group
	Snohetta
	Jon Goulder
	Museum of Old and New Art (MONA)

Our story has quickly gained prominence across a broad range of sectors due to a high level of media interest, strategic partnerships and an active publicity campaign.

Exposure includes:	Grand Designs Australia
	The Weekend Australian
	Sky News "Smart Money"
	Smith Journal
	ABC Landline
	Channel Nine "The Block"
	ABC's "Movin' to the Country"

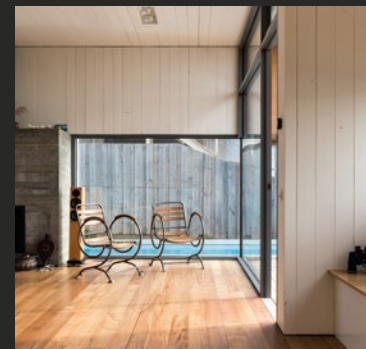
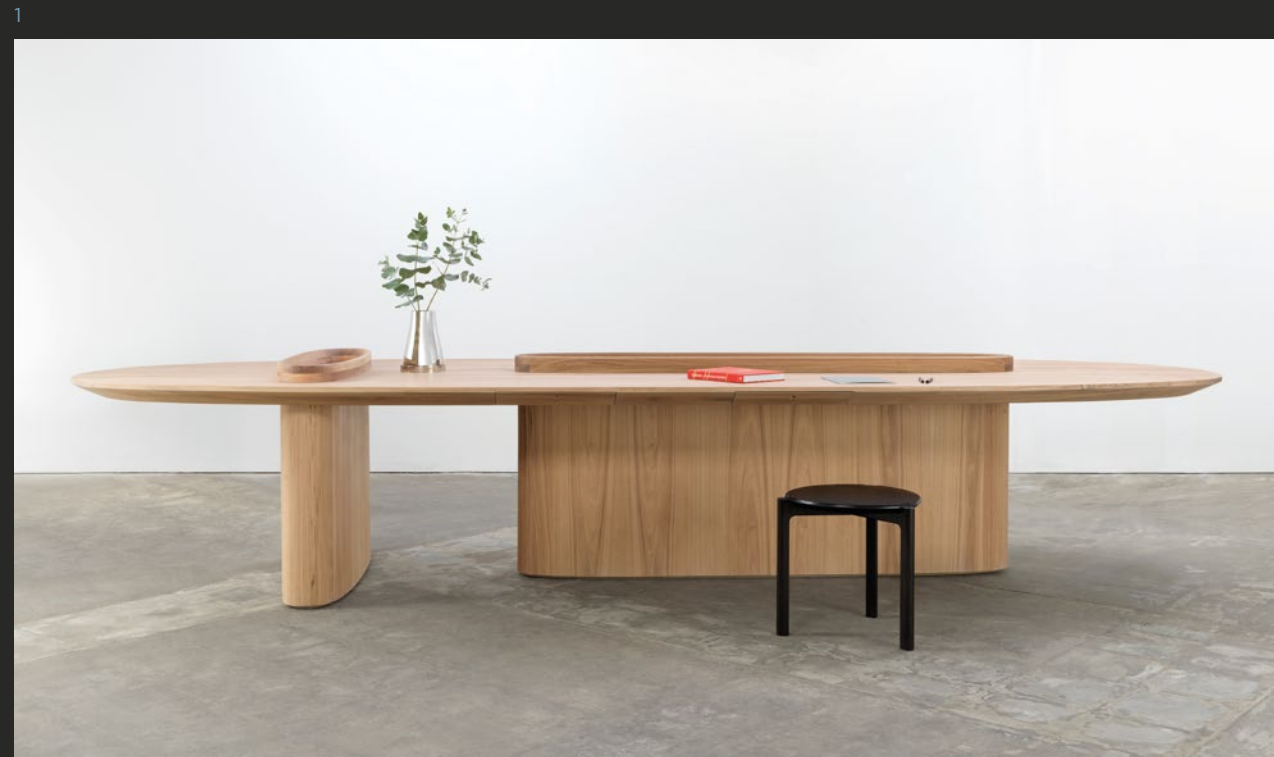
We have also achieved significant recognition through demonstration projects such as Macquarie House in Launceston, Limestone House (John Wardle) and James Fitzpatrick's Castlecrag house.

We have nurtured relationships with some of Australia's leading architects who have confirmed their interest in utilising Hydrowood in new-build housing and commercial projects.

As an interior timber product, Hydrowood has been featured in

the Lewisham House on Grand Designs, Tasmania's Parliament Square buildings and Momentum's Melbourne office, as well as being used for floorboards, bathroom cabinets, and exquisitely designed furniture in Tasmania's parliamentary offices.

With the foundations of provenance and sustainability, Hydrowood is now recognised as one of the most sustainable timber product brands in Australia.



1. Intersection Worktable by Snohetta
2. The Pieman Collection by Dessein Furniture.
3. Macquarie House by HBV Architects
4. Parliament Square by FMJT Architects
5. Cremorne House
6. Landscape Restaurant by Circa Morris Nunn
Credit - Adam Gibson
7. Broached Commission chaise lounge by
Designer/Maker Jon Goulder
8. Levi's David Jones Store.



The Recoil table by internationally acclaimed Designer-Maker Brodie Neill was first exhibited at London Craft Week in 2021 before making its way back to Tasmania via the US, Shanghai, Singapore, Dubai and Melbourne. It is made from 3km of Hydrowood veneer offcuts from our seven timber species.





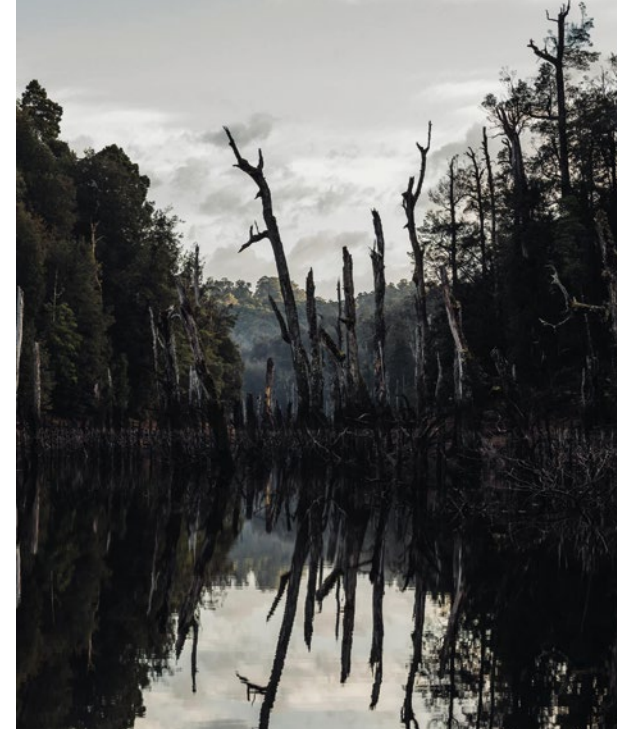
James Fitzpatrick
Architect

"People are starting to understand that using timber is good for the environment, which is good for the people of the building and good for the wider world."

Underwater trees are located and then the harvest barge approaches the target tree. Once in place, a positioning system and thrusters hold it steady, while the excavator operator lowers the harvesting head to grab onto the tree trunk and cut the timber.



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Harvested logs are placed in a log transport barge and the full barge pushed to shore by a tug. Logs are graded in the processing area, trimmed and cut to size as necessary, then stockpiled under irrigation to prevent degradation.



4

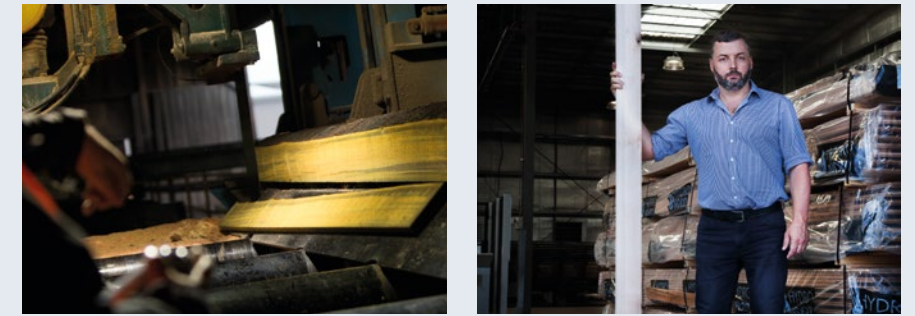


5

1. The harvest barge pulling a cut log to the surface on Lake Pieman.
2. Lake Pieman on Tasmania's west coast.
3. The tug takes a load of harvested logs back to the landing.
4. The head of the tree is removed before the log is cut and pulled to the surface.
5. The inky black waters act like a mirror. It is the darkness and the very cold water that keep the trees preserved.

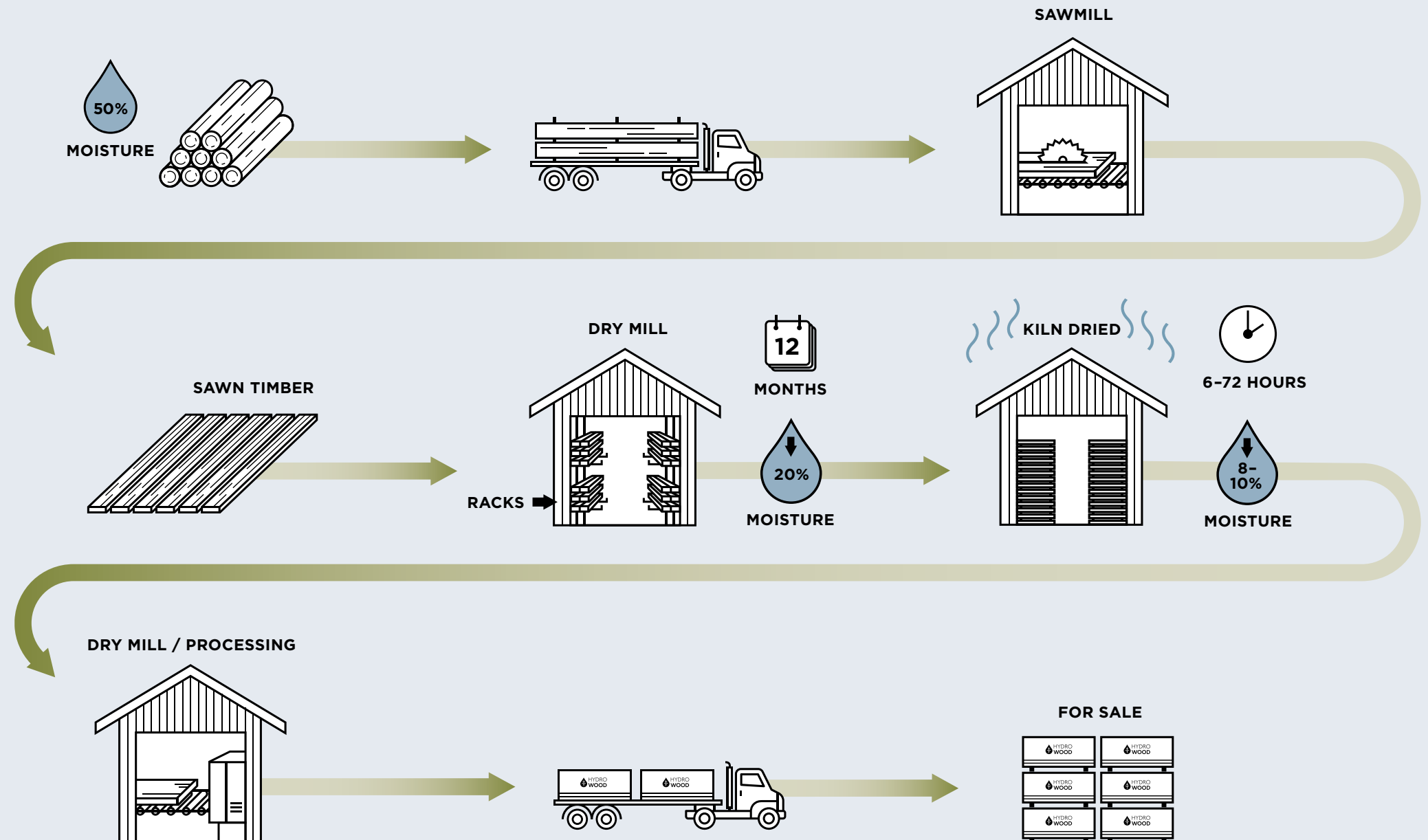
Our drying techniques, which have been developed and refined over the last five years, are based around air drying and take around 12 months with regular monitoring of the timber's moisture content.

The timber is then sorted and taken from the air drying facility to the "dry mill" or finishing facility, where it is dressed into a final product.



1

2



1. A log being cut into boards at the sawmill before being transferred to the dry mill.
2. Director Andrew Morgan at dry mill. Packs of timber are wrapped and ready for transport to a customer.

12 months drying process



David Wise

Co-Founder

It was David's vision, quite literally, that saw the Hydrowood idea first come to life. As a commercial pilot, David was flying over Lake Pieman on Tasmania's remote west coast when he sighted a rare, sunken commodity. A vast quantity of the state's most sought-after timber species stood submerged and waiting for an idea as profound as David's to bring them to the surface.

David's studies are as broad as his entrepreneurial successes. He holds a Bachelor of Economics (Finance), an Advanced Diploma of Applied Science (Agriculture), and a Diploma of Aviation (Instrument Flight Operations). David holds commercial fixed wing and helicopter licences as well as a coxswain certificate for marine operations. He's also completed the Australian Institute of Company Directors Course. David is the Executive Director of SFM, a Tasmanian-owned plantation and natural assets management

company that oversees 50,000ha of land assets across Australia and New Zealand.

David brings close to three decades of experience in the forestry industry, having grown some of the most successful, innovative businesses in the country's sector. If he isn't at the helm of his scenic flight charter business or at SFM, David is looking to the next innovative venture that will ultimately move and shake the industry. Hydrowood's inception and success story are founded largely on David's keen, entrepreneurial eye



Andrew Morgan

Co-Founder

Andrew Morgan is an innovative and experienced business leader with nearly 30 years of experience managing and growing forestry and natural resource businesses across the country. Andrew's name is firmly etched in not only the forestry and agroforestry sectors but within the Tasmanian community too. He's the face and voice of an ever-growing list of innovative ventures that attract international media interest. Hydrowood is perhaps the most cutting-edge and ingenious concept to come from this entrepreneurial figurehead.

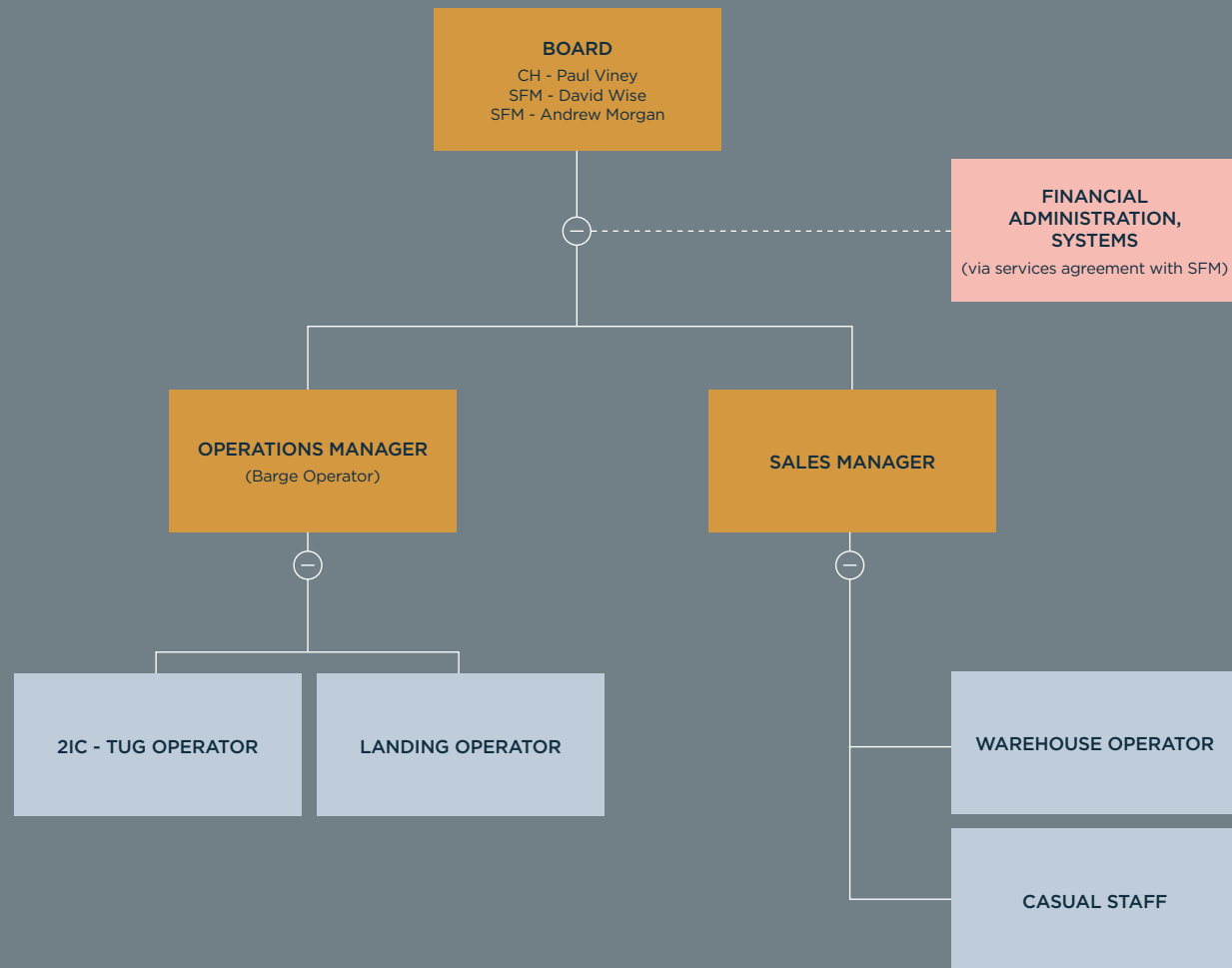
When the idea of plucking drowned timber from Lake Pieman was met with scepticism, Andrew saw it as an opportunity to rescue and repurpose an otherwise wasted resource. Today Hydrowood is a product revered and sought after by the country's leading architects and fine furniture makers globally. Andrew is guided by strategic thinking with equal parts

resourcefulness to turn profound ideas into industry-changing realities. He and Hydrowood Co-founder David Wise developed the machinery needed to reclaim and dry fine Tasmanian timbers. It's ingenuity at its finest, spearheaded by Andrew.

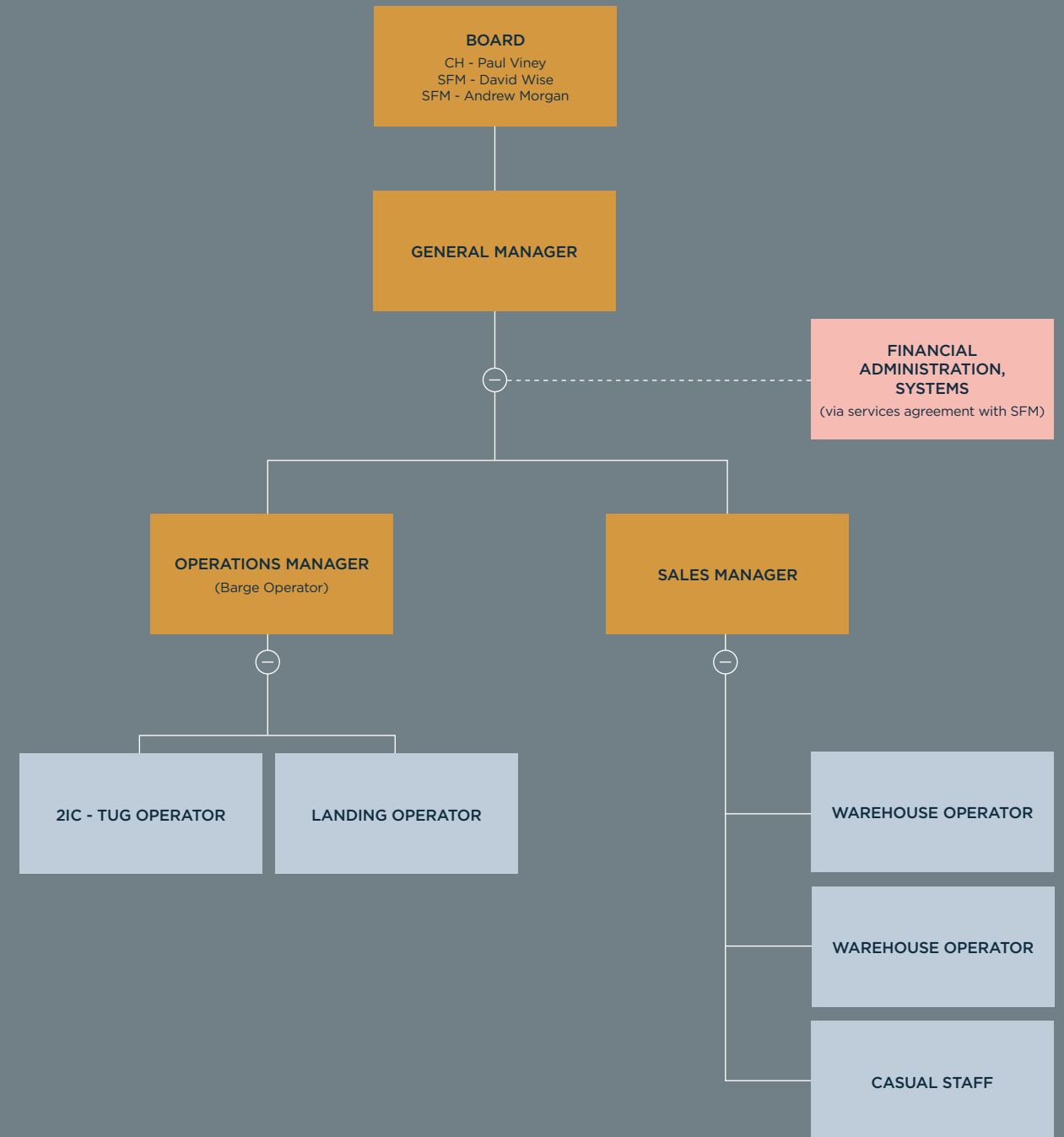
Andrew is the Managing Director of SFM, one of Australia's largest independent plantation management businesses. He brings a talent for assembling skilled teams and executing rigorous business processes. He's an active and respected community member with excellent communication and networking skills across business, government and NGO platforms.

Andrew holds a Bachelor of Science, majoring in Botany and Zoology at the University of Tasmania. He has also obtained the Australian Institute of Company Directors Course.

Current Org. Chart



Future Org. Chart



Going forward

"We are well beyond our proof-of concept stage, having commercialised a range of products that have a high level of awareness in key markets. The scaling of the enterprise requires new capital to enable increased harvesting and processing - as well as developing an expanded distribution and sales network."

Hydrowood is seeking external investment.

The Hydrowood brand embodies positive change and how we play a significant part in shaping the world.

For more information:

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Information
Memorandum

Hydrowood

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